Message Text

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INFO OCT-01 EUR-12 IO-13 ISO-00 STRE-00 AGRE-00 CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01 DOE-15 /121 W

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USMTN, USEEC
ACTION STR PASS ELECTRICALLY
PASS AGRICULTURE
STR PASS CODEL

E.O.11652:N/A

TAGS: MTN, EEC, ETRD

SUBJECT: U.S./EC BILATERAL ON AGRICULTURE

- 1. AT THE REQUEST OF EC, WE MET WITH EC COMMISSION OFFICIALS ON FRIDAY, MARCH 17, TO CLARIFY U.S. OFFERS TO EC REQUESTS ON AGRICULTURAL ITEMS.
- 2. EC DEL (MARINUCCI, STADLER, LESCUT) WAS CONFUSED ABOUT THE PRESENTATION OF U.S. TARIFF OFFERS IN TERMS OF AD VALOREM EQUIVALENTS AND ASKED WHETHER OR NOT U.S. PLANNED TO MAKE OFFERS IN TERMS OF SPECIFIC DUTIES WHERE SUCH DUTIES PRESENTLY APPLY. U.S. DEL (KOENIG, MCNAMARA, TINKLEPAUGH, HARPER) EXPLAINED THAT EXPRESSION OF TARIFF REDUCTIONS IN AD VALOREM TERMS WAS DONE FOR TECHNICAL REASONS AND THAT SPECIFIC RATES WILL BE LIMITED OFFICIAL USE

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FURNISHED TO EC UPON RECEIPT FROM WASHINGTON.

3. THE EC FURTHER REQUESTED CLARIFICATION OF THE U.S. CONDITIONAL OFFER ON CHICKEN WAR ITEMS (POTATO STARCH, BRANDY, DEXTRINE) AND INQUIRED WHETHER THE U.S. OFFER IS A TWO STEP OFFER, I.E., REDUCTION TO PRE-CHICKEN WAR RATE FOLLOWED BY A SEPARATE OFFER OF A PERCENTAGE CUT

IN THESE RATES. U.S. REPLIED THAT CONCESSIONS ON THESE ITEMS ARE CONDITIONED ON SATISFACTORY SOLUTION OF POULTRY PROBLEM SO THAT U.S. POULTRY EXPORTS WOULD TAKE PLACE UNDER MORE CERTAIN AND STABLE CONDITIONS.

- 4. EC REQUESTED CLARIFICATION OF U.S. OFFER ON WINE GALLON SYSTEM OF ASSESSMENT. U.S. DEL REPLIED THAT THE U.S. IS PREPARED TO CONSIDER POSSIBLE CHANGE OF ITS SYSTEM AND THAT THIS WILLINGNESS SHOULD BE VIEWED AS A POSITIVE SIGN. HOWEVER, THE ISSUE IS COMPLEX AND HAS VARIOUS DOMESTIC LEGISGATIVE IMPLICATIONS. EC DEL EXPRESSED APPRECIATION THAT U.S. IS WILLING TO CONSIDER EC REQUEST.
- 5. U.S. DEL TOOK OPPORTUNITY TO EXPRESS KEEN DISAPPOINT-MENT WITH EC AGRICULTURAL OFFERS ON TWO COUNTS. FIRST, THE EC RESPONDED TO ONLY 36 OF 97 TARIFF REQUESTS BY THE U.S. SECONDLY, THESE OFFERS WERE SO SMALL AS TO BE OF NO PRACTICAL TRADE SIGNIFICANCE. U.S. DEL ASKED THE EC TO RECONSIDER THEIR OFFER LIST AND EXPRESSED HOPE THAT EC OFFERS WERE JUST A BEGINNING AND THAT MORE SIGNIFICANT OFFERS WOULD BE FORTHCOMING, PARTICULARLY IN AREAS OF MAJOR INTEREST TO U.S. AGRICULTURE. U.S. DEL STRESSED THAT U.S. HAS NO INTENTION OF INTERFERING WITH EC DOMESTIC PROGRAMS, AND THAT U.S. TARIFF REQUESTS WOULD NOT AFFECT THE CAP.

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- 6. EC DEL TOOK NOTE OF REMARKS AND STATED THAT THEY DID NOT WISH TO ENTER INTO SUBSTANTIVE TALKS AT THIS TIME.
- 7. U.S. DEL SUGGESTED ANOTHER SESSION BE HELD IN EARLY APRIL TO DISCUSS MORE THOROUGHLY U.S. TARIFF AND NTM REQUESTS OF EC ON AN ITEM-BY-ITEM BASIS. EC DEL AGREED TO THIS AND MENTIONED THAT EC MAY WANT EC MEMBER STATES TO ATTEND THIS MEETING.
- 8. DRAFTED BY TINKLEPAUGH. MCDONALD

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